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First Maritime

Mining Corporation Limited
(No Personal Liability)

Annual Report

For the Year Ended
December 31, **1972**

ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of shareholders
will be held on Monday, June 18th, 1973
at 1:30 o'clock in the afternoon (Saint John time)
in the Golden Ball Building,
Saint John, New Brunswick

First Maritime Mining Corporation Limited

(No Personal Liability)

Incorporated under the laws of New Brunswick on December 30, 1955

DIRECTORS

P. J. DUNLAY New York, U.S.A.
J. K. IRVING Saint John, New Brunswick
R. J. ISAACS Islington, Ontario
D. A. MACFARLANE Saint John, New Brunswick
L. McC. RITCHIE Saint John, New Brunswick

OFFICERS

L. McC. RITCHIE *President*
A. G. KIRKLAND *Vice-President*
D. A. MACFARLANE *Secretary and Treasurer*
MRS. M. JONES *Asst. Secretary*

TRANSFER AGENTS

GUARANTY TRUST COMPANY OF CANADA, Toronto, Ontario
AND C/O

THE CENTRAL TRUST COMPANY OF CANADA,
Fredericton, New Brunswick

AUDITORS

COOPERS & LYBRAND Saint John, New Brunswick

HEAD OFFICE

GOLDEN BALL BUILDING Saint John, New Brunswick

MINE OFFICE

GULLBRIDGE MINES Gullbridge, Newfoundland

First Maritime Mining Corporation Limited

(No Personal Liability)

DIRECTORS' REPORT TO THE SHAREHOLDERS:

Please find enclosed the consolidated financial statements of the company for the year ended December 31, 1972 together with the report of the shareholders' auditors thereon.

In connection with the Gullbridge mine, the company's efforts were devoted to the protection and supervision of the physical plant which has been maintained intact and to the collection of amounts due from Noranda Mines Limited under the company's sales contract. All liabilities to the company's bankers were repaid.

In 1972, fixed assets having a net book value of \$435,287, representing dams and other surface structures no longer having immediate value to the Gullbridge mine, were written off.

There has been no change in our holdings of Brunswick Mining and Smelting Corporation Limited (1,933,353 shares) whose operations continue to hold promise. During 1972, rights received from the Brunswick shares were sold on the open market for \$40,235.

Shareholders have already been advised that our company was one of a group of companies that submitted a proposal to the Province of New Brunswick in respect to the exploration and development of a salt-potash prospect. After lengthy consideration, the government has granted the exploration and development rights to a United States company.

Your management is continuing its efforts to locate other mining prospects of merit.

On behalf of the Board,

April 17, 1973

L. McC. RITCHIE, President.

MCDONALD, CURRIE & CO.

CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of First Maritime Mining Corporation Limited (No personal liability) and subsidiaries as at December 31, 1972 and the consolidated statements of earnings and deficit and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Subject to the fact that, as stated in note 2, fixed assets of Gullbridge Mines Limited are carried at amounts which may be in excess of realizable values, in our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1972 and the results of their operations and the source and use of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Saint John, N.B.
February 1, 1973.

MCDONALD, CURRIE & CO.,
Chartered Accountants.

First Maritime Mining Corporation

(No Person)

CONSOLIDATED BALANCE SHEET

ASSETS		1972	1971
		\$	\$
Current Assets			
Cash and short term deposits		279,994	8,125
Net estimated amount receivable from sale of copper concentrates		—	2,170,377
Accounts receivable		10,286	27,809
Prepaid expenses		371	13,130
		<u>290,651</u>	<u>2,219,441</u>
Investments			
Shares in Brunswick Mining and Smelting Corporation Limited (note 4) 1,933,353 common shares at cost (quoted value \$6,960,000, 1971 - \$5,510,000)		5,641,837	5,675,422
Shares in Little Bay Power Corporation Limited - a wholly owned subsidiary (note 1)		—	16,000
		<u>5,641,837</u>	<u>5,691,422</u>
Fixed Assets (notes 2, 3 and 4)			
Land, mining grants and mining licenses - at cost less amortization		2	11,979
Buildings, equipment and surface structures		1,909,062	2,611,404
		<u>1,909,064</u>	<u>2,623,383</u>
Deferred Expenditures			
Materials and supplies - at estimated realizable value		179,672	212,132
		<u>8,021,224</u>	<u>10,746,378</u>

Signed on behalf of the Board:

L. McC. RITCHIE, Director.

D. A. MACFARLANE, Director.

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- AS AT DECEMBER 31, 1972

LIABILITIES

	1972 \$	1971 \$
Current Liabilities		
Bank advances	—	1,504,769
Accounts payable and accrued liabilities	44,975	304,345
Current portion of long-term debt	2,500,000	14,996
	<u>2,544,975</u>	<u>1,824,110</u>
Long-Term Debt		
8 $\frac{5}{8}$ % convertible debentures due December 31, 1973 - secured (note 4)	2,500,000	2,500,000
5 $\frac{7}{8}$ % loan - Government of Canada	—	251,139
	<u>2,500,000</u>	<u>2,751,139</u>
Less: Current portion included in current liabilities	2,500,000	14,996
	<u>—</u>	<u>2,736,143</u>

SHAREHOLDERS' EQUITY

Capital Stock (note 4)		
Authorized — 7,000,000 shares of \$1 par value		
Issued and fully paid - 5,371,280 shares	5,371,280	5,371,280
Contributed Surplus	8,766,794	8,766,794
Deficit	(8,661,825)	(7,951,949)
	<u>5,476,249</u>	<u>6,186,125</u>
	<u>8,021,224</u>	<u>10,746,378</u>

CONSOLIDATED STATEMENT OF EARNINGS AND DEFICIT

For the year ended December 31, 1972

	1972 \$	1971 \$
Income		
Copper concentrate production	225,095	3,753,925
Less: Marketing costs	—	880,645
	<u>225,095</u>	<u>2,873,280</u>
Operating Expenses	243,845	3,187,903
Loss on Operations before the undernoted items	<u>18,750</u>	<u>314,623</u>
Amortization of mining property	11,974	6,237
Depreciation of buildings, surface structures and equipment	—	1,249,138
Mine development expenses written off	—	657,332
Write-off of investment in subsidiary	(1,429)	51,000
	<u>10,545</u>	<u>1,963,707</u>
Loss on Operations	<u>29,295</u>	<u>2,278,330</u>
Financial Expense		
Interest on debentures	215,625	215,625
Other interest	29,669	79,015
	<u>245,294</u>	<u>294,640</u>
Loss before extraordinary items	<u>274,589</u>	<u>2,572,970</u>
Extraordinary Items		
Write-off of fixed assets (note 3)	435,287	—
Write-off of preproduction expenses	—	1,556,283
Provision to reduce materials and supplies inventory to estimated realizable value	—	212,132
Write-off of excess of cost over book value of investment in subsidiary	—	562,410
	<u>435,287</u>	<u>2,330,825</u>
Net loss for the year	<u>709,876</u>	<u>4,903,795</u>
Deficit — Beginning of year	<u>7,951,949</u>	<u>3,048,154</u>
Deficit — End of year	<u>8,661,825</u>	<u>7,951,949</u>

NOTE: The company is not presently conducting mining operations and earnings per share is not considered meaningful.

CONSOLIDATED STATEMENT OF SOURCE AND USE OF WORKING CAPITAL

For the year ended December 31, 1972

	1972 \$	1971 \$
Source of Working Capital		
Insurance claim	19,500	—
Sale of fixed assets	11,363	23,866
Decrease in materials and supplies	32,460	—
Sale of rights	40,235	—
Current assets of subsidiary now consolidated (note 1)	17,429	—
	<hr/>	<hr/>
	120,987	23,866
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Use of Working Capital		
In operations	263,992	635,989
Purchase of fixed assets	—	135,166
Repayment of loan - Government of Canada	—	14,997
Current portion of 8 $\frac{3}{8}$ % convertible debentures	2,500,000	—
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	2,763,992	786,152
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Decrease in Working Capital	2,643,005	762,286
Working Capital — Beginning of Year	395,331	1,157,617
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Working Capital (Deficiency) — End of year	<u>(2,247,674)</u>	<u>395,331</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 1972

1. Basis of Consolidation

The consolidated financial statements include the accounts of Gullbridge Mines Limited, Gulmar Limited and Little Bay Power Corporation Limited which was not consolidated in prior years.

Gulmar Limited and Little Bay Power Corporation Limited did not operate during the year.

2. Fixed Assets

Gullbridge Mines Limited closed its mines on December 5, 1971. At this time it is not practical to estimate the amount of the provision, if any, required to reflect the realizable value of fixed assets of Gullbridge having a book value of \$1,785,755.

3. Buildings, Equipment and Surface Structures

(a) Buildings, equipment and surface structures are comprised of:

	1972 \$	1971 \$
Gullbridge Mines Limited		
at Great Gull Lake and Wolf Cove —		
Buildings, equipment and other		
surface installations - at cost	5,195,104	6,632,989
Accumulated depreciation	3,409,351	4,164,392
	<hr/>	<hr/>
	1,785,753	2,468,597
	<hr/>	<hr/>
First Maritime Mining Corporation Limited		
at Tilt Cove —		
Power plant, at net estimated realizable value....	123,309	142,807
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	1,909,062	2,611,404
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During the year Gullbridge Mines Limited wrote off fixed assets with a cost of \$1,145,969 and a net book value of \$435,287. These represent dams and surface equipment at the site of the closed mine.

(b) The cost of construction of the wharf at Wolf Cove amounting to \$291,316 was incurred by the Department of Public Works of the Government of Canada on behalf of Gullbridge Mines Limited, repayable by Gullbridge in annual instalments of \$29,750, blended principal and interest to March, 1983. Title to the wharf was to pass to the company upon repayment. During the year Gullbridge decided to discontinue payments and to forfeit its right to obtain title.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Long-Term Debt and Capital Stock

(a) Convertible debentures —

1. The \$2,500,000 8½% convertible debentures are secured by a floating charge on the company's assets and by a first mortgage on the mining property and/or mining interest and fixed assets of the company's wholly-owned subsidiary, Gullbridge Mines Limited.

Written consent of not less than 80% of debenture holders must be obtained before the company can sell, mortgage or otherwise dispose of any shares of Brunswick Mining and Smelting Corporation Limited.

2. The holders of the \$2,500,000 8½% convertible debentures have the option of converting these into shares of the company on or before three business days prior to December 31, 1973, on the basis of one share for each \$2.00 principal amount of debentures — equivalent to 1,250,000 shares.

At December 31, 1972, sufficient shares of capital stock were reserved for issue on conversion of 8½% convertible debentures.

(b) Outstanding agreement —

Falconbridge Nickel Mines Limited, under existing agreements, has the right to participate to the extent of one-third of any future financing which might be arranged by the company.

5. Remuneration of Directors and Senior Officers

Total remuneration paid or payable to directors and senior officers (including the five highest paid employees as defined in the Securities Act, 1966 Ontario) for 1972 amounted to \$40,126.

First Maritime Mining Corporation Limited

(No Personal Liability)

HEAD OFFICE

Golden Ball Building, Saint John, New Brunswick

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NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special general meeting of the shareholders of FIRST MARITIME MINING CORPORATION LIMITED (No Personal Liability) (the "Company") will be held at the Golden Ball Building, Saint John, New Brunswick, on Monday, the 18th day of June, 1973, at the hour of 1:30 o'clock in the afternoon (Saint John time) for the following purposes:

1. to receive and consider the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 1972, together with the report of the auditors on the said financial statements, and the report of the directors;
2. to consider and, if thought fit, confirm By-law No. C-10 enacted by the directors on June 26, 1972 eliminating the necessity for officers other than the Chairman of the Board and the President to be directors of the Company;
3. to elect directors;
4. to appoint auditors and to authorize the directors to fix their remuneration; and
5. to transact such other business as may properly come before the said meeting or any adjournment thereof.

DATED at Saint John, New Brunswick, this 9th day of May, 1973.

By Order of the Board,

DONALD A. MACFARLANE,

Secretary.

First Maritime Mining Corporation Limited

(No Personal Liability)

INFORMATION CIRCULAR

This circular is furnished in connection with the solicitation of proxies by or on behalf of the management of First Maritime Mining Corporation Limited (No Personal Liability) (hereinafter sometimes called the "Company") for use at the annual and special general meeting of the shareholders of the Company to be held at Saint John, New Brunswick on Monday, the 18th day of June, 1973, for the purposes set forth in the foregoing notice of meeting.

RIGHT OF REVOCATION

A shareholder executing the enclosed proxy has the power to revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing deposited either at the head office of the Company at any time up to and including the last business day preceding the day of the meeting or any adjournment thereof at which the proxy is to be used or with the secretary of such meeting on the day of the meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked.

PERSONS MAKING SOLICITATION AND METHOD THEREOF

The enclosed proxy is solicited by the management of the Company and the cost of solicitation will be borne by the Company. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the Company at nominal cost.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Only shareholders of the Company of record at the time of the meeting will be entitled to vote at the meeting. Each share of the Company is entitled to one vote. The Company has only one class of shares. At May 9, 1973, the Company had outstanding 5,371,280 shares of \$1 par value, all as fully paid.

On the basis of information supplied to the Company on request made by it to each of its directors and senior officers and derived from the list of shareholders of the Company, the following are the names of all persons and companies which beneficially own directly or indirectly, equity shares carrying more than 10% of the voting rights attached to all equity shares of the Company, the approximate number of shares beneficially owned, directly or indirectly, by each such person or company and the percentage of outstanding equity shares of the Company represented by the number of shares so owned.

<u>Name</u>	<u>Approximate Number of Shares Owned</u>	<u>Class of Shares Owned</u>	<u>Percentage of Outstanding Equity Shares Represented</u>
Mercantile Bank and Trust Company Limited	2,368,575	Common	44.09%

ELECTION OF DIRECTORS

There are presently five (5) directors of the Company. The shareholders at the annual meeting will be asked to elect five (5) directors.

The following are the names of the five persons for whom it is intended that votes will be cast for their election as directors pursuant to the proxy which is hereby solicited: P. J. Dunlay, J. K. Irving, R. J. Isaacs, D. A. Macfarlane and L. McC. Ritchie.

The term of office for each director is from the date of the meeting at which he is elected until the annual meeting next following or until his successor is elected or appointed. In the event that prior to the annual meeting any vacancies occur in the slate of nominees submitted herewith, it is intended that discretionary authority shall be granted to vote the proxy for the election of any other person or persons as directors. The management is not presently aware that any of such nominees would be unwilling to serve as a director, if elected.

L. McC. Ritchie is the President of the Company and Mr. D. A. Macfarlane is the Secretary and Treasurer of the Company at present.

INFORMATION CONCERNING NOMINEES AS DIRECTORS

<u>Name</u>	<u>Date became a Director</u>	<u>Number of shares owned</u>	<u>Principal occupation</u>
P. J. Dunlay	June 26, 1972	1	Member of Dewey, Ballantine, Bushby, Palmer & Wood (Attorneys-at-Law).
R. J. Isaacs	December 15, 1952	103,380	Professional Engineer, President of R. J. Isaacs Engineering Limited.
J. K. Irving	June 26, 1972	10	President, J. D. Irving, Limited.
D. A. Macfarlane	June 25, 1970	10	Executive in the employ of J. D. Irving Limited.
L. McC. Ritchie,	June 25, 1970	5	Lawyer.

Under the provisions of the Companies Act of the Province of New Brunswick, R.S.N.B., 1952, c.33, when at a meeting of a company there is to be elected a full board of directors, and there are present, or represented by Proxy, and acting as a unit shareholders owning shares with voting rights bearing the same or a larger proportion to the whole allotted stock of the company with voting rights, that one director bears to the total number of directors, such shareholders acting as a unit shall have the right to elect one director, provided however, that a shareholder claiming the above right of election shall, prior to the taking of the vote for the election of the directors, deposit with the chairman or secretary of the meeting a written declaration under his hand stating his purpose of claiming these privileges. A shareholder claiming these privileges shall not vote at the election of any director at the said meeting except one for whom he is entitled to vote as provided above.

REMUNERATION OF MANAGEMENT

Total remuneration paid or payable to directors and senior officers (including the five highest paid employees as defined in the Securities Act, 1966, Ontario) for 1972 was \$40,126. J. D. Irving, Limited was paid \$18,717 for executive services.

APPOINTMENT OF AUDITORS

It is intended to vote the proxy to appoint the firm of Coopers & Lybrand, Chartered Accountants, Saint John, New Brunswick, as the auditors of the Company.

**PARTICULARS OF MATTERS TO BE ACTED UPON AND
DISCRETIONARY AUTHORITY**

Management is not now aware that any matters will be submitted to the forthcoming annual meeting of shareholders other than the receipt and consideration of the consolidated financial statements, the confirmation of By-law No. C-10 enacted by the directors on June 26, 1972, the election of directors and the appointment of auditors, all as referred to in the foregoing notice of meeting. If any other matters not now known to management shall properly come before the meeting, including a vacancy or vacancies caused by one or more of the nominees for directors becoming unavailable for election, forms of proxy given pursuant to this solicitation by the management of the Company will be voted on such matters in accordance with the best judgement of the person or persons voting the proxy, and the discretionary authority necessary in such event is conferred by any person giving the proxy to management.

MANNER OF VOTING PROXIES

The shares represented by proxies received by the management will be voted, and will be voted in accordance with the statements made above. It is intended that the accompanying instrument of proxy, if signed, dated and returned to the Company prior to the meeting and completed in the names of the persons therein named, will be voted in favour of approval of the financial statements, in confirmation of By-law No. C-10, for the election of the proposed board of directors and in favour of the appointment of auditors aforesaid, all as set forth above.

The proxy form provided by management affords shareholders the opportunity to specify a choice with respect to the confirmation of By-law No. C-10 referred to in the notice of meeting. Where the shareholder specifies a choice, the shares represented by the proxy will be voted in accordance with the specification made. Where a choice is not so specified, it is the intention of management to vote the shares represented by the proxy in favour of confirmation of By-law No. C-10. Discretionary authority for so doing is understood to have been conferred upon management by the person giving the proxy.

THE PERSONS NAMED IN THE ACCOMPANYING INSTRUMENT OF PROXY ARE OFFICERS AND/OR DIRECTORS OF THE COMPANY. A SHAREHOLDER HAS THE RIGHT TO APPOINT ANY PERSON OTHER THAN THOSE NAMED TO REPRESENT HIM AT THE MEETING. IF SO DOING AND USING THE ACCOMPANYING INSTRUMENT OF PROXY, HE SHOULD STRIKE OUT THE PRINTED NAMES AND INSERT THE NAME OF HIS NOMINEE IN THE SPACE PROVIDED THEREFOR. SUCH PROXY, IF APPOINTED BY AN INDIVIDUAL, MUST BE ENTITLED ON HIS OWN BEHALF TO BE PRESENT AND VOTE AT THE MEETING, WHEREAS IF SUCH PROXY REPRESENTS A CORPORATION, HE NEED NOT BE SO ENTITLED. A SHAREHOLDER MAY SUBMIT ANY OTHER APPROPRIATE INSTRUMENT OF PROXY.

DATED this 9th day of May, 1973.

By Order of the Board of Directors,

DONALD A. MACFARLANE,

Secretary.